

# WISCONSIN WORKS: MEETING THE NEEDS OF HARDER TO SERVE PARTICIPANTS

2001

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## **Acknowledgments**

This study could not have been completed without the cooperation and assistance of many individuals. Most importantly, I would like to thank Demetra Smith Nightingale for her invaluable guidance and support throughout this project. Many thanks to the Wisconsin Department of Workforce Development (DWD) for its commitment to research on welfare reform issues in Wisconsin and for funding this study. I am indebted to DWD staff members Margaret McMahon, Joanne Rowe, and Lynn Schmitt for their assistance in preparing the data files and would also like to thank DWD staff Jan Van Vleck, Rita Black-Radloff, Dianne Reynolds, Mary Rowin, Paul Saeman, and Alice Wilkins for their assistance during the project. I would also like to thank Douglas Wissoker, Kristin Seefeldt, Rebecca Swartz, Tom Corbett, and staff of the Labor and Social Policy Center at the Urban Institute for helpful comments.

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## I. INTRODUCTION

In September 1997, Wisconsin Works (W-2) replaced the Aid to Families with Dependent Children (AFDC) system of cash assistance. In contrast to AFDC which mainly provided cash assistance, W-2 is based on work and personal responsibility. The primary goal of W-2 is self-sufficiency, and W-2 participants are encouraged to move up the W-2 ladder into unsubsidized employment whenever possible.

The W-2 ladder is comprised of four major “rungs” including W-2 Transitions (W2Ts), Community Service Jobs (CSJs), Trial Jobs, and Unsubsidized Employment (see Table 1). Of these four rungs, the first three are paid positions while participants in Unsubsidized Employment are eligible for case management services.

There is growing concern about harder to serve W-2 participants, that is, those who are unable to obtain self-sustaining employment due to one or more disabilities or barriers to work. Wisconsin state administrators are considering how to best serve W-2 participants who have extensions to the 24-month time limit and whether some portion of these harder to serve clients will be eligible for an extension to the 60-month time limit in October 2001.

Thus, there are two distinct but related issues facing harder to serve W-2 participants: Wisconsin’s 24-month time limit for participation in any single employment category and the 60-month federal lifetime limit.<sup>1</sup> Much can be learned about both of these issues from those W-2 participants who have (or had) a six-month extension to the 24-month time limit.

Wisconsin’s conversion to W-2 began in September 1997 and extended through March 1998. The 24-month time limit began for AFDC clients in the month in which they were converted to W-2. Any new applicants for welfare beginning in September 1997 were enrolled into the W-2 program. From September 1997 through June 2000, there were 25,077 unduplicated W-2 participants who had been in CSJ and W-2 employment positions.<sup>2</sup>

Between January 1999 and June 2000, 1,551 W-2 clients came within three months of the 24-month time limit. These 1,551 cases—representing six percent of all W-2 participants who had been in the W-2 program between September 1997 and June 2000—are the primary focus of this report.

Of these 1,551 clients, 269 were considered for a six-month extension and, of these 269, 206—or about three-quarters of the clients—had extensions approved by the Department of Workforce Development (DWD), the administrative entity that oversees the W-2 program.

The 1,282 clients not considered by the W-2 agency for an extension most often obtained employment, were determined not to qualify for an extension for one or more reasons, or moved to a different rung on the W-2 ladder.

A three-pronged methodology was used for this paper. First, using both Client Assistance for Re-Employment and Economic Support (CARES) administrative data and W-2 participant File data obtained from DWD’s Division of Economic Support (DES), a logistic regression model was developed to estimate the effects of different W-2 participant characteristics on the likelihood of receiving an extension and those who reached 24 months but did not have an extension. We also present descriptive statistics of W-2 participants with an extension and those who reached 21 months but did not have an extension. Descriptive statistics presented include demographic characteristics, work history, public assistance

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<sup>1</sup>The federal and state definitions and effective dates of a month of participation vary but are not significant factors for this paper.

<sup>2</sup>4,425 W-2 participants had been only in W2T, 14,490 only in CSJ, and 6,162 had been in both. The 6,162 may be a slight undercount and the W2T and CSJ a slight overcount in that these were counted by where they were at the end of each month.

receipt, barriers to self-sufficiency facing W-2 participants, and the work activities clients engaged in during the most recent month. Second, the quantitative data analysis was supplemented with semi-structured telephone interviews with staff in selected W-2 agencies—three in Milwaukee County and two in balance-of-state (BOS) counties.<sup>3</sup> Third, a literature review of relevant research provides information about programs and policies that other states and localities have implemented to meet the needs of harder to serve clients.

Section II of this paper presents background information on the 24-month time limit and corresponding extension policy in Wisconsin and discusses the federal 60-month time limit under TANF and its importance to Wisconsin.

Section III presents an analysis of the CARES administrative data and the W-2 participant File data. We examine the number of W-2 participants with a first or a subsequent extension and examine how this has changed over time. Next we examine what happens to W-2 participants who do not have an extension. We also provide descriptive statistics on demographic characteristics, work history, public assistance receipt, and work activities, comparing those recipients who have a first or second extension to those clients who reached 21 months and did not have an extension. For those clients with a first or second extension, we examine the barriers to self-sufficiency they are facing. Finally, using a logistic regression, we determine which demographic characteristics are statistically significant predictors of whether a W-2 participant in a W2T position has an extension. Since only 19 of 1,100 clients in CSJs have an extension, it is not feasible to estimate a logistic analysis with so few cases. It is also not feasible to combine the data for CSJs and W2Ts since the criteria for eligibility for an extension is different for the two groups.

Section IV describes the extension process in the five W-2 agencies we interviewed. It also corroborates the barriers clients are facing and discusses issues related to constraints on the services provided to these clients. The concerns voiced by the five W-2 agencies about the approaching 60-month lifetime limit are also discussed. Finally, we describe the two work groups convened to address these issues—one comprised of W-2 agencies and the other comprised of state-level staff.

Section V presents some of the programs and policies identified from a review of the literature that other states and localities have implemented to mitigate or remove barriers to work faced by welfare clients. When possible, we focus on states with time limits shorter than 60 months whose families have already reached their state's time limit on welfare.

Using information obtained from the CARES administrative data and W-2 participant File data, telephone interviews with W-2 agencies, and the literature review, section VI discusses what options, enhancements, or modifications to the current system Wisconsin can take to best serve W-2 participants with multiple barriers to self-sufficiency.

## **II. BACKGROUND**

### **A. *W-2 Extension Policy***

Under W-2, participants are limited to 24 months in the W2T, CSJ, or Trial Job employment categories. According to a DWD Operations memo: “To reduce the likelihood that children will be harmed by time limits, Wisconsin law allows for extensions to the 24-month employment position time limits” (DWD

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<sup>3</sup>Selected W-2 agencies included the two Milwaukee County and two balance-of-state (BOS) agencies with the greatest number of clients to reach 24 months (Region 3—Opportunities Industrialization Center of Greater Milwaukee (OIC-GM), Region 4—Employment Solutions, Inc., and Dane and Kenosha County W-2 Agencies as well as the Milwaukee County agency with the highest percentage of clients receiving extensions at 24 months and two for-profit W-2 agencies (Region 1—YW Works) and (Region 6—MAXIMUS in Milwaukee County). Of these six, Region 4 did not respond.

1999b). A discussion between the Financial and Employment Planner (FEP) and the W-2 participant must occur no later than the 18th month of eligibility in the W2T, CSJ, or Trial Job W-2 employment categories. FEPs are responsible for making sure participants understand that an extension is not an entitlement (DWD 1999b).

W-2 participants in Trial Jobs,<sup>4</sup> Community Service Jobs (CSJs), and W-2 Transition (W2T) employment categories are eligible to apply for extensions if they meet the following criteria:

1. “Trial Job: The participant has made all appropriate efforts to find and accept unsubsidized employment and has been unable to do so because the local labor market conditions preclude a reasonable unsubsidized employment opportunity for the participant.
2. Community Service Job (CSJ): The participant has made all appropriate efforts to find and accept unsubsidized employment and has been unable to do so because the local labor market conditions preclude a reasonable unsubsidized employment opportunity and, for some reason, there are no Trial Jobs available.
3. W-2 Transition (W2T): The participant has made all appropriate efforts to find unsubsidized employment by participating in all assigned activities and significant barriers prevent advancement to a higher W-2 employment position” (DWD 1999c).

W-2 agencies seek state approval for an extension by submitting an application on behalf of a W-2 participant. The state reviews all applications and notifies the W-2 agency of its decision by the 21<sup>st</sup> month of eligibility. Extensions are approved for up to six months depending on the participant’s circumstances (DWD 1999c).

To be approved for an extension a W-2 participant must provide adequate documentation such as a medical diagnosis, Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) documentation, or documents supporting family crises. In the case of CSJs, W-2 participants must provide documentation by the CSJ site supervisor of participant’s work habits and reasons why efforts to find unsubsidized employment have been unsuccessful (DWD 1999d).

When granting an extension, the DWD also provides the W-2 agency with recommended action steps that the agency and the FEP should take (or continue to take) to assist the participant in mitigating and removing (when possible) the barriers to self-sufficiency facing the participant. Action steps may include: providing additional resources including such as a support group, counselor, therapy, access to a computer with the Internet for job search, or a referral to the Division of Vocational Rehabilitation. Action steps may also include finding resources to repair or remodel a client’s home to make it more accessible or urging a client to cooperate with the SSI/SSDI appeals process.

### ***B. The Federal 60-Month Time Limit***

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), federally-funded TANF cash assistance is limited to 60 months. However, under the TANF regulations, states may exempt up to 20 percent of their caseload from the 60-month federal lifetime limit due to hardship and use federal TANF funds to continue to provide assistance to those families. States may also elect to provide extensions beyond the TANF lifetime limit to continue non-cash benefits for recipients meeting certain criteria and use state money to provide cash assistance.

Beginning in October 2001, Wisconsin may begin to see W-2 participants reaching the 60-month federal lifetime limit for cash assistance.<sup>5</sup> The earliest the 60-month time clock could have started for W-2

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<sup>4</sup>Although W-2 participants in trial jobs are eligible for an extension, no one in a trial job reached 21 months between January 1999 and June 2000, and, thus, no one in a trial job has been eligible for an extension.

participants was on October 1, 1996, prior to the full implementation of W-2. Criteria for granting an extension for a participant who has received 60 months of W-2 benefits is in place in the W-2 administrative rules and is included in the W-2 Manual. The Manual states “W-2 agencies may extend eligibility only in unusual circumstances and on a case-by-case basis.” The Manual lists the following unusual circumstances (paraphrased):

1. Participant is unable to work because of personal disability or incapacitation;
2. Participant is needed at home (as determined by the W-2 agency) to care for another assistance group member who is severely incapacitated such that without in-home care the incapacitated member’s health and well-being would be significantly affected;
3. Participant has significant limitations to employment such as low achievement ability, learning disability, or emotional problems of such severity that they prevent the participant from obtaining or retaining unsubsidized employment, but are not sufficient to meet SSI or SSDI requirements, or family problems of such severity that they prevent the participant from obtaining or retaining unsubsidized employment; and
4. Participant has made all appropriate efforts to find work and is unable to find unsubsidized employment because local labor market conditions preclude a job opportunity that pays at least the minimum wage and conforms to all applicable federal and state laws.

“The DWD retains the right to review, approve, or overturn the agency’s decision to extend the 60-month limit” (DWD 1999a).

Since October 2001 is fast approaching, the state of Wisconsin has developed guidance on the process for obtaining an extension beyond 60 months. A workgroup comprised of W-2 agency representatives provided the DWD with recommendations on this topic. And a workgroup of state officials was also convened to discuss these and other related issues. Draft versions of this paper contributed to these efforts. The efforts of these workgroups are discussed in greater detail in section III.

Adding the June 2000 W-2 payment caseload of approximately 6,600 to the 5,300 Kinship Care and 6,400 SSI Caretaker Supplement caseload yields 18,300. Twenty percent of this number, or about 3,700, may be granted a hardship exemption under current federal law and continue to receive cash assistance (DWD 2000). Even if all 206 W-2 participants with an extension as of May 2000 needed benefits beyond 60 months, this only represents about one percent of the average monthly caseload in Wisconsin eligible for a hardship exemption under federal law.

### **III. DESCRIBING THE HARDER TO SERVE W-2 PARTICIPANTS IN WISCONSIN**

With October 2001 fast approaching, it is important to understand who comprises the current harder to serve population in Wisconsin as well as helping to inform the process of who may require an extension to the 60-month time limit. CARES administrative data and W-2 participant File data provided by Wisconsin’s DWD/DES for the period January 1999 through June 2000 allow an analysis of those clients who have reached 21 months in the W2T and CSJ employment categories during that period. These data provide information about W-2 participants with an extension through May 2000. In this section, we (1) identify the number of W-2 participants who have extensions by employment category and discuss how this has changed over time; (2) describe what happens to W-2 participants who do not have an extension;

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<sup>5</sup>On October 1, 1996, prior to full W-2 implementation, Wisconsin implemented the 60-month lifetime limit for AFDC participants active in the Job Opportunities and Basic Skills program. Individuals who transitioned from AFDC to W-2 may have already used months toward their 60-month lifetime limit (DWD, Wisconsin Works Manual, Release 99-01, March 1, 1999, Chapter 2.3.0).

(3) describe the characteristics (demographics, welfare and work history, work activities, etc.) of clients with a first or second extension and compare them to those W-2 participants who have reached 21 months (in W2T or CSJ employment categories) but do not have an extension. We also estimate a logistic regression model that allows us to determine what characteristics make a W-2 participant in a W2T position, holding other characteristics constant, more or less likely to have a first extension. It is important to note that, in general, the logistic analysis (in Table 7) provides a more rigorous analysis than the descriptive statistics (in Table 4) since the logit model shows the effects of particular characteristics controlling for all the other characteristics; and (4) describe the number and types of barriers to self-sufficiency faced by those W-2 participants with a first or second extension.

#### ***A. How Many W-2 Participants Have an Extension?***

Between January 1999 and June 2000, 1,551 W-2 participants reached 21 months in the W2T or CSJ employment category. Of these 1,551 participants, 206 clients—or about 13 percent—had a first extension to the 24-month time limit. Of these 206 clients, the majority—91 percent—were in the W2T employment category, and nine percent were in a CSJ (see Table 2). As it happens, all of the 19 CSJ clients with a first extension lived in Milwaukee County.

Forty-five of the 206 clients with a first extension also had a second 6-month extension. All but one of these 45 clients were in a W2T position for their second extension. Three of the 45 clients with a second extension have also had a third extension.

The 206 clients who had extensions through June 2000 represent the entire universe of clients who have ever had an extension—that is, clients were not eligible for an extension until 24 months after W-2 was implemented. After W-2 replaced AFDC in September 1997, AFDC recipients that were eligible for W-2 were transitioned to W-2 between September 1997 and March 1998. Thus, the first W-2 families received W-2 cash assistance in September 1997. Therefore, 24 months after W-2 was implemented—in August 1999—we would expect to see the first W-2 participants reaching the 24-month time limit in the W2T and CSJ employment categories. As Figure 1 shows, this is indeed the case. And, as Figure 1 also shows, all W-2 agency extension requests by the W-2 agencies not withdrawn or pending have been approved. Between August 1999 and June 2000, about three-quarters (or 206) of the 269 W-2 agency extension requests have been approved and the remaining quarter (or 63) were pending or had been withdrawn by the W-2 agencies, although this varies somewhat from month to month.

#### ***B. What Happens to W-2 Participants Reaching 21 Months Who Do Not Have an Extension?***

Although 1,345 W-2 participants came within three months of the 24-month time limit and did not have an extension, the majority were either not eligible for an extension or had some other action taken on the case prior to reaching 24 months that made an extension unnecessary. As Table 3 shows, 63 W-2 clients had an application for an extension withdrawn or pending as of June 2000. For the remaining 1,282 clients an extension was not requested on their behalf.

There are many reasons why a W-2 agency may not request an extension on a client's behalf. Nearly 30 percent of clients obtained employment, and one-fifth of the 1,282 W-2 clients moved to a different rung on the W-2 ladder. In one-quarter of the cases (319 clients), the W-2 agency determined that the client did not qualify for an extension because they did not participate in finding employment or in assigned work activities (197 clients), because the local labor market did not preclude a reasonable job opportunity (97 clients), or because clients lacked significant barriers (21 clients). Less common reasons for not receiving an extension include:

- Participant voluntarily declined an extension (10 percent);
- Participant obtained other services (e.g., SSI or SSDI) and is no longer receiving W-2 services (4 percent);



- Participant's case closed due to eligibility reasons (3 percent);
- Participant declined W-2 services (2 percent); and
- Participant moved and is no longer receiving W-2 services (1 percent).

The 1,345 W-2 participants who did not have an extension between January 1999 and June 2000 may still go on to have an extension in the future in another employment category or in the same category if they return to that category. For example, if a client spends 24 months in a W2T position before moving into a CSJ but then barriers arise that force her to return to the W2T position, the W-2 agency may request and receive an extension on her behalf at a later date.

### ***C. Participant Characteristics and Work Activities for the Extension and Non-Extension Population***

Comparing the characteristics of the 206 W-2 participants with at least one extension to those 45 clients who had a subsequent extension and those 1,345 W-2 participants who came within three months of the 24-month time limit but did not have an extension is critical to understanding the harder to serve W-2 participants in Wisconsin. We compare the demographic, work history, and current welfare receipt and work activities of W-2 participants with extensions. We examine the characteristics and work activities for three groups (1) those with at least one extension, (2) those with a subsequent extension (a subgroup of group 1), and (3) those without any extensions. As with the rest of this paper, the W-2 participants discussed here are limited to the 1,551 who reached 21 months in a W2T or CSJ employment category between January 1999 and June 2000.

#### **1. Characteristics of Participants Who Reach the 21<sup>st</sup> Month**

Compared to all persons who came within three months of the 24-month time limit, those who got extensions were somewhat older, more likely to live outside Milwaukee County and included a higher proportion of males and a lower proportion of blacks. The extension population—those that had at least one extension—were also less likely to work, generally had older children, and were more likely to have a car and to have a disabled person in their assistance group than the non-extension population.

As expected, the vast majority of W-2 participants who reached 21 months between January 1999 and June 2000 are female (97 percent), and this is also true for those who did not have an extension—97 percent are female. On the other hand, the extension population—defined as those with at least one extension—is only 92 percent female (see Table 4).

The average age of the extension population is 39 years old, while the average age for those without an extension is only 32 years old (see Table 4). The extension population has a lower proportion of blacks but a somewhat higher proportion of whites, Hispanics, and Asians than the non-extension population (see Table 4).

Forty-seven percent of clients with extensions have at least a high school degree, and eight percent of extensions went to clients with no formal schooling (see Table 4). On the other hand, 37 percent of the non-extension population have at least a high school degree, and only two percent have no formal schooling (see Table 4).

Of the 206 clients with a *first extension*, the majority—133 clients or 65 percent—were residents of Milwaukee County, the remaining 73 clients or 35 percent were BOS residents. This is not surprising considering that the majority of the W-2 caseload resides in Milwaukee County. Thus, 133 of the 1,397 clients (or about 10 percent) living in Milwaukee County who reached 21 months had a first extension. On the other hand, 73 of the 154 clients (or about 47 percent) living in BOS counties who reached 21 months had a first extension.

Of the 45 clients with *second* extensions, the majority—30 clients or 67 percent—were residents of BOS counties, the remaining 15 clients were Milwaukee County residents. Thus, 15 of the 133 clients (or about

11 percent) living in Milwaukee County with a first extension also had a second extension. On the other hand, 30 of the 73 clients (or about 41 percent) living in BOS counties with a first extension also had a second extension.

The differences between Milwaukee County and BOS counties may be explained by several factors. Smaller caseloads in BOS counties may indicate that these counties have moved many of their job-ready clients into employment and that they are left with a caseload of harder to serve clients requiring extensions. If this is true, Milwaukee County could catch up with BOS counties in terms of the percentage of W2T clients receiving extensions as Milwaukee County digs deeper into their caseload and is left with harder to serve clients. Based on these data it is not possible to make definitive conclusions about why, on average, BOS counties have a greater proportion of clients receiving extensions.

In either case, it is important to remember that clients who do not have an extension are not necessarily being denied an extension. In fact, some W-2 participants in this dataset who do not already have an extension may receive an extension at a later date.

The average number of children for clients with an extension is 2.5, and for clients who did not have an extension it is nearly the same—2.6 children. The average age of youngest child is nine years old for clients with an extension compared to six years old for the non-extension population (see Table 4).

The vast majority—85 percent—of W-2 participants with extensions did not work in the prior year. The average number of months worked for the extension population was less than one (0.7 months) while those who did not have an extension worked 1.7 months on average during the last year.

Forty-five percent of individuals with a *first* extension had a disabled person in their assistance group compared to 17 percent of clients who did not have an extension (see Table 4). A slightly smaller percentage—36 percent—of individuals with a *second* extension had a disabled person in their assistance group. As we discuss in detail in section III.D. below, 68 percent of clients with a first extension are in the process of completing an SSI/SSDI application or appeal. Of those clients with a *first* extension, 18 percent moved from W-2 to SSI.

## 2. Work Activities

The primary goal of W-2 is self-sufficiency. To meet this goal, W-2 participants are required to engage in any number of work activities. The FEP, in conjunction with a W-2 participant, develops an employment plan comprised of work activities that are designed to move participants up the W-2 ladder to self-sufficiency. W-2 participants often engage in more than one work activity at once. For instance, a client may receive mental health counseling during the same month as occupational assessment and literacy skills training. In addition to differences in their demographic and other characteristics, the extension population tends to engage in different work activities than the non-extension population.

The CARES administrative data provide information about work activities during the most recent month of W-2 receipt for all W-2 participants who reached 21 months in a W2T or CSJ employment category (1,551 participants). This allows us to compare the work activities of the 206 extension recipients to the work activities of both the 45 clients with a second extension and the 1,345 W-2 participants who did not have an extension.

These data show work activities during the most recent month of W-2 receipt, not during the 21<sup>st</sup> month, when the decision about whether a client should have an extension was made.<sup>6</sup> That said, it is important to examine the information we do have about work activities clients engage in to mitigate or remove (when possible) barriers to self-sufficiency. By examining the work activities of the extension population, we

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<sup>6</sup>DWD/DES does have data for work activities measured during the 21<sup>st</sup> month; these data are not part of this study due to time constraints.

have a window into how they are currently being served, and we can begin to hypothesize about options for meeting their needs in the future.

As shown in Table 5, the work activities of the 45 W-2 clients with a second extension do not differ greatly from the work activities of the 206 clients with one extension, with two exceptions. Seven percent more clients with second extensions were in mental health counseling and disability assessment, otherwise the two groups are similar in their work activities. It is possible that mental illness is difficult to identify, and that, over time, more clients are identified with this barrier. It is also possible that, compared to other barriers, mental illness is relatively difficult to resolve in a six-month timeframe.

The kinds of work activities that the extension population—defined as those with at least one extension—engage in differ significantly from the activities of those who did not have extensions (see Table 5). The extension population is much more likely to engage in work activities suggestive of a disability or barrier to self-sufficiency. Nearly half (48 percent) of W-2 participants with an extension were engaged in physical rehabilitation<sup>7</sup> compared to only eight percent of those who did not have an extension. Likewise, 37 percent and 24 percent of the extension population engaged in mental health counseling and disability assessment, respectively, compared to nine percent and five percent of those who did not have an extension.

A greater percentage of clients without extensions engaged in work activities related to employment and training. With the exception of occupational assessments and job skills training, clients without extensions engaged in employment and training related work activities more often. For example, only four percent of the extension population engaged in employment search in the most recent month compared to 34 percent of those who did not have an extension. Likewise, 34 percent of the extension population engaged in work experience compared to 42 percent of those who did not have an extension. Finally, 15 percent of clients with extensions engaged in parenting and life skills compared to four percent of the non-extension population (see Table 5).

The analysis of work activity data confirms that clients with extensions are also likely to face disabilities and barriers to work that prevent self-sufficiency. These data also confirm that those clients with extensions are being assigned to work activities designed to help them overcome the barriers they are facing.

What these data cannot tell us is whether these clients are overcoming the barriers they face and moving up the W-2 ladder towards self-sufficiency. These data also cannot tell us how closely the barriers clients are facing relate to their W-2 assigned work activities. Obviously, clients receiving alcohol and drug abuse (AODA) counseling are likely to be facing AODA barriers. However, a client with an unidentified mental health problem may not be receiving mental health counseling. These data also cannot tell us about clients work activities during the 21<sup>st</sup> month when the W-2 agency was to submit any extension request. It is important to note that some clients in this dataset may have had their extension months ago and, thus, the work activities during their most recent month may not be related to their receiving an extension. For example, a client may have entered AODA counseling in May 1999 and had a 6-month extension after their 24<sup>th</sup> month. If the counseling was successful and the client did not relapse, they may be working now. Although that client would be in the extension population, they would not now be engaged in AODA counseling.

Thus, there are some differences in the characteristics of persons with extensions compared to all who reach the time limit. To better understand those differences further statistical analysis, as described in the

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<sup>7</sup>Physical rehabilitation may or may not be an indicator of a long-term physical barrier. For example, physical rehabilitation may include recovery from a broken leg or may be doctor-prescribed physical therapy for a client with a long-term disability.

next section, was conducted. Specifically, in the next section, we examine what characteristics of W2T clients make them more likely to have an extension, holding all else constant.

***D. The Effect of Participant Characteristics on the Likelihood of Having an Extension for W2T Clients***

Our logistic regression analysis confirms some of what the descriptive data analysis indicated— that W-2 participants in the W2T position who have an extension are more likely to be older, to live in Milwaukee County, and to have a disabled person in their assistance group. Clients in the W2T position with extensions do *not* differ significantly from W2T clients who do not have an extension by education, number of children, or age of their youngest child. Thus, there are very few systematic demographic differences between those who have an extension and those who do not.

We estimate a binomial logistic regression model that allows us to determine what characteristics make the 451 W-2 participants in the W2T employment category, holding all else constant, more or less likely to have an extension.<sup>8</sup> The logistic analysis is more rigorous than the descriptive statistics since it allows us to determine whether a characteristic is a statistically significant predictor of whether a client has an extension controlling for other factors. For example, males have extensions a greater percentage of the time than females—33 percent compared to 13 percent. However, an analysis of gender in the logistic regression indicates that females are not significantly more or less likely than males to have an extension after controlling for several other characteristics.

The model (see Table 6) includes demographic variables such as race, education, and age. Also included in the model are number of children, age of youngest child, whether the participant lives in Milwaukee County or BOS, and whether there is a disabled person in the assistance group. We also include age-squared (in addition to age) to determine if the effect of age is non-linear and an interaction of age and whether there is a disabled person in the assistance group.

The model indicates that age is a significant predictor of having an extension for W2T clients. Older W2T clients are more likely to have an extension than younger clients, holding all else constant (see Table 6).

The logistic regression model (see Table 6) shows that where W2T clients live has a statistically significant impact on their likelihood of receiving an extension. Specifically, W2T clients who live in BOS counties are more likely, holding all else constant, to have an extension than clients who live in Milwaukee County.

In the model the direct effect of a disabled person in the assistance group is positive and significant at the .05 percent level, while the interaction of disability status with age is negative and significant at the .10 percent level. This suggests that younger W2T clients with a disabled person in the assistance group are more likely to have an extension; however, as clients with a disabled person in the assistance group get older, this effect diminishes.

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<sup>8</sup>There are only 19 of a total 1,100 W-2 participants in CSJs (or less than two percent) with an extension—not enough to estimate a separate logistic regression model for these clients. It would also not be prudent to combine the data for CSJs and W2Ts since the criteria for eligibility for an extension are different for the two groups.

An example using the coefficients from Table 6 will illustrate:

Note: In the logit model our age measure equals (age - 21). Since the youngest W-2 participant in a W2T position is 21 years old, age is redefined to make estimating the effects more straightforward.

The effect of age and disability in the assistance group on having an extension for W2T clients is:  
 $1.030 + (-0.048 * (X - 21))$  where  $X = \text{age}$

For a 30-year-old W2T client with a disabled person in the assistance group:  
 $1.030 + (-0.048 * (30 - 21)) = +0.598$

For a 55-year-old W2T client with a disabled person in the assistance group:  
 $1.030 + (-0.048 * (55 - 21)) = -0.602$

Therefore, we see by the positive sign (+0.598) that a 30-year-old person in a W2T position with a disabled person in the assistance group is more likely than a person in a W2T position without a disabled person in the assistance group of the same age (the reference group) to have an extension, holding all else constant. On the other hand, we see by the negative sign (-0.602) that a 55-year-old person in a W2T position with a disabled person in the assistance group is less likely than a person in a W2T position without a disabled person in the assistance group of the same age (the reference group) to have an extension, holding all else constant.

This finding is not too surprising given the prevalence of physical health barriers and W2T clients in the SSI application and appeal process. The age-disability effect may be explained by the fact that as clients get older they are less likely to have disabled minor children and, thus, they “age out” of the W-2 program and are no longer eligible to have an extension.

Finally, the model also shows that Hispanic W2Ts are more likely to have extensions than whites, the reference group, holding all else constant. It is not clear why Hispanic W2Ts are more likely than whites to have an extension. One might think language barriers might explain this finding, however, Asians as well as Hispanics face language barriers. It is important to note that many variables not currently in the model (e.g., work or welfare history) might explain this finding.

Some variables that one might have thought would be predictors of having an extension were not found to be significant, holding all else constant. The educational background of W2T clients did not increase or decrease the likelihood of receiving an extension. A preliminary finding from this model indicates that there is little evidence of systematic differences between groups. Thus, clients do not differ in their likelihood of receiving an extension by educational level, age of their youngest child or by the number of children, and racial differences are limited. Thus, the regression analysis suggests that the only characteristics that are significantly different for clients who have an extension are living outside Milwaukee County, a person in the assistance group who is disabled, and age interacted with disability status.

Future study should include additional variables such as work activities, transportation, and work and welfare history—all measured during the 21<sup>st</sup> month. Although these data are available from DWD, they are not part of this study due to time constraints.

### ***E. Barriers to Self-Sufficiency Faced by W-2 Participants with an Extension***

All W-2 clients are required to document all the barriers they may face with their FEPs. However, only clients with extensions have data on their barriers collected and coded in detail in the CARES data system, and, thus, the only data available on barriers is for the extension population. For the 206 W-2 participants with an extension, these barriers vary from physical and mental health barriers to barriers related to education or family issues. The majority of clients are facing multiple barriers—also called co-occurring barriers—to self-sufficiency. Our analysis shows both the co-occurrence of barriers faced by these 206 W-2 participants as well as the prevalence of 34 different barriers.

As Figure 2 shows, 92 percent of W-2 participants with at least one extension have co-occurring barriers to self-sufficiency. Likewise, 98 percent of W-2 participants with a second extension have co-occurring barriers. On average, the 206 clients with at least one extension faced 4.5 barriers while the 45 clients with a second extension face 5.1 barriers to self-sufficiency, on average. It is not surprising that clients requiring a second extension represent the hardest of the hard-to-serve clients, and, thus, face more barriers to work. Although examining co-occurrence sheds light on the number of barriers facing harder to serve clients, it is dependent on how barriers are defined and counted.

Since not all barriers to self-sufficiency are equal in severity, it is useful to examine the barriers that the state of Wisconsin has actually measured in their welfare population. As Table 7 shows, 68 percent of extension population—those persons with at least one extension—are in the SSI/SSDI application or appeal process at the time they reached a time limit. Another 20 percent were being referred to vocational rehabilitation. The most common barrier is depression (38 percent) followed by various other physical barriers (37 percent). Other common persistent barriers reported include lack of education (27 percent), back problems (26 percent), limited or no work experience (24 percent), and caring for a family member (20 percent).

The 45 clients with a second extension also face many of these same barriers. An even higher percentage of clients—82 percent—are in the SSI/SSDI application or appeal process, and one-third were being referred to vocational rehabilitation. Physical barriers—at 47 percent—and depression—44 percent—are even more common in this group. The prevalence of several other barriers to self-sufficiency also increase in this hardest to serve population. These include back problems—up from seven percent to 33 percent—anxiety/panic disorder—up from seven percent to 20 percent—and Division of Vocational Rehabilitation (DVR) referral—up from 13 percent to 33 percent. The DVR referrals indicate that these clients are being referred to services to mitigate or remove one or more of their barriers to self-sufficiency.

Some of these barriers, by themselves, may not be sufficient cause for an extension or a client's inability to become self-sufficient. There are others, however, that by themselves, depending on their severity, may prevent self-sufficiency. However, as these data show, the vast majority of clients are facing co-occurring barriers. This suggests that similar barriers are likely to exist for those who reach the 60-month time limit. As we explore in section IV, W-2 agency staff throughout the state are making every effort to mitigate or remove these barriers, though, they are not always successful.

## **IV. W-2 AGENCIES AND THE EXTENSION POLICIES AND PROCESS**

Both the W-2 agencies and officials at the state-level have thought quite a bit about harder to serve W-2 participants and how best to meet their needs. Both state and local officials have formed independent work groups to discuss the approaching 60-month time limit. Through interviews with state DWD officials and W-2 agency staff, we asked about the current policies and procedures related to W-2 extensions and additional services that might be useful.

We conducted semi-structured telephone interviews with five administrators in W-2 agencies—three in Milwaukee County and two in BOS counties—about several issues related to the policies and process of applying for extensions. The W-2 agencies were purposively selected because they have a high number of

clients reaching 24 months or a high percentage of clients with extensions. The purpose of the telephone interviews was to gather qualitative information about the following topics:

- Agencies' internal process of applying for extensions;
- barriers participants are facing that prevent or inhibit self-sufficiency;
- services provided and, specifically, any constraints on the services provided;
- other needed services not currently provided; and
- concerns, if any, about the effect of the 60-month time limit on W-2 participants, generally, and harder to serve clients, specifically.

The information collected from the counties helps (1) describe the population that has an extension and examine why they are considered "harder to serve;" (2) provide the state with feedback about the extension policies and process; and (3) inform the state of counties' concerns about the effect of the approaching 60-month time limit on the harder to serve W-2 population.

The W-2 agencies contacted varied in the number of W-2 participants who had reached 21 months, from 15 clients in Kenosha County to 354 clients in Milwaukee County's Region 3, as seen in Table 8. The W-2 agencies also varied greatly in their rate of requesting extensions from 10 percent in Milwaukee County's Region 6 to 75 percent in Dane County. Thus, W-2 agencies that requested a higher percentage of extensions also had a higher percentage of clients with extensions with only six percent of all clients at 21 months with extensions in Milwaukee County's Region 6 compared to 71 percent with extensions in Dane County.

There was less difference among W-2 agencies in the percentage of W-2 participants with second extensions. As Table 8 indicates, 20 percent of the participants in Dane County who reached 21 months with one extension had a second extension; this compares to 17 percent in Milwaukee County's Region 1 - YW Works and Region 6 - MAXIMUS and 14 percent in Region 3 - OIC-GM. The number of second extensions for individual W-2 agencies is quite small, though, and not too much weight should be placed on these percentages.

As we recall from the logistic regression, holding other variables constant, Milwaukee County residents are less likely to have extensions than BOS residents, and evidence in Table 8 confirms this. We heard from some W-2 agency officials that some agencies are more proactively pushing for extensions for their W-2 participants. Other reasons suggested by state staff include differing labor markets between large urban areas and rural communities, smaller caseloads and clients with more barriers outside of Milwaukee reflecting the longer period of time it took Milwaukee County to convert to W-2, and the earlier progression of clients with fewer barriers in BOS into unsubsidized employment. Although this is not necessarily negative or positive, the state might want to examine why BOS counties had a substantially higher percentage of those participants reaching 21 months with extensions than Milwaukee County.

The administrators in W-2 agencies we spoke to rely on different methods for developing the applications for extensions and in most cases this has evolved over time. Several of the agencies use a team-approach, assembling several members of their staff often including the FEP and a supervisor and sometimes involving an outside consultant knowledgeable about the application process. W-2 administrators cited several reasons for using a team-approach, including clients with multiple barriers and dual-diagnoses, trying to prepare what the state was looking for in an application the first time to reduce the number of applications that must be resubmitted, and dealing with the difficult process of helping clients apply for SSI.

While in most cases the FEP is responsible for identifying clients eligible for and needing extensions, in other agencies clients were asked if they wanted an extension despite the fact that DWD policy states that extensions are not an entitlement (DWD 1999a). Most administrators said they started the application process early, in one case as early as 1–2 months into their time on W-2. This was also done to start the

process of applying for SSI early since most W-2 agency staff said this was a cumbersome and lengthy process. In some cases, clients who are expected to go on SSI eventually just need an extension so they can continue to receive assistance during the SSI appeals process.

The W-2 agency staff we spoke to identified several common barriers clients are facing, and these are largely the same barriers identified quantitatively through the data. They include physical disabilities of the client, a family member, or a child; alcohol and drug abuse (AODA); mental health issues; illiteracy; domestic violence; and labor market barriers. Physical disabilities identified are often difficult to diagnose and not severe enough for a client to receive SSI. These include back pain and fibromyalgia—a chronic disorder characterized by widespread musculoskeletal pain and fatigue (U.S. DHHS, National Institutes of Health 2000). As one respondent said, “These are very real problems that put the client somewhere between eligibility for SSI and employability.”

A detailed description of screening and assessment techniques, all of the services provided, and the case management process W-2 participants go through in each W-2 agency was beyond the scope of this study. We did ask W-2 agencies to identify briefly what types of services are being provided and received a long list of providers and services of all types including substance abuse, mental health, housing, counseling, physical rehabilitation, literacy, domestic violence, and many others. However, we focused our questions on the weaknesses in the provision of services for clients facing barriers to self-sufficiency. Although this information focuses only on the problems W-2 agencies are facing, we believe that this information can inform the state about missing pieces that may help meet the needs of harder to serve clients.

In general, W-2 agencies said that there are no waiting lists for services and that typically there are adequate slots for all W-2 participants requiring services. Some W-2 agencies said they use several providers for any given service so that they can tailor services to meet the needs of each client. However, one W-2 agency said that there are waiting lists for substance abuse treatment as long as four to six weeks in some cases. The waiting lists were due to lack of provider capacity even though they often rely on more than one provider.

Staff in all of the W-2 agencies reported that there is not enough time in services for harder to serve clients. In three of the five agencies, officials said substance abuse treatment was not long enough since clients are often in denial and prone to relapse. Substance abuse services are repeated for many clients, however, two of the three said this becomes expensive unless the client is eligible for Welfare-to-Work. One person said they needed a substance abuse aftercare program that follows the clients after they return to their regular schedule to prevent relapse. All the officials agreed that the shortcomings in services—time in services and capacity—are decided by the providers and are not under their control.<sup>9</sup>

Other than needing more capacity at substance abuse providers, there was little consensus about what additional services could be provided that are currently not being provided. Additional services needed ranged from non-English mental health providers and translators to services for severely disabled young adults and children. W-2 agencies have the option of defining the services they need and having potential providers bid on a contract, however, it is not clear whether there are providers willing to provide services for what might only amount to very few clients.

All W-2 officials we spoke to were concerned about the approaching 60-month time limit and saw this as directly related to the provision of extensions for the harder to serve population. When asked who, if anyone, should be eligible for an extension to the 60-month time limit, all the officials we spoke to said it should be the same population with extensions. The strongest concerns voiced by the W-2 staff were (1) whether the state will allow any participants to have an extension to the 60-month time limit; and (2) that

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<sup>9</sup>W-2 agencies can purchase services, however, only if there is a provider willing to provide the services.



the state issue guidance soon so W-2 agencies can begin planning. Subsequent to these interviews, in December 2000, the DWD/DES/Administrator's Memo No. 00-22 that provides this guidance.

Staff in four of the five W-2 agencies said that there is a population of W-2 participants who, despite the many resources being invested in them, will not be able to attain self-sufficiency on W-2 and are not eligible to receive SSI. A work group made up of W-2 agencies sent recommendations to DWD in September 2000 stating that all families who reaches the 60-month time limit should be assessed for an extension. The summary recommendations emphasize that extensions should be decided on a case-by-case basis not categorically and that 20 percent—or some other percentage—is arbitrary (Wisconsin Contract and Implementation Committee 2000).

A workgroup comprised of state officials has also convened to consider both the issues discussed by the local-level workgroup and a set of broader policy issues related to the harder to serve population in Wisconsin. The state-level workgroup believes that a small number of people may reach the 60-month time limit and will require continuing cash assistance. Even if all 206 clients required an extension to the 60-month time limit, that is about one percent of the average monthly caseload in Wisconsin, which suggests that the extensions can be funded using TANF funds. The state of Wisconsin intends to manage the 20 percent cap—not individual W-2 agencies—thus, the 20 percent will not be decided on and agency-by-agency basis. If, eventually, 20 percent becomes too low a figure, the state is committed to reassessing this figure.

The state workgroup is also concerned with broader policy issues such as how to handle clients whose children age-out of the system, but who still lack the ability to become self-sufficient and who do not qualify for SSI. In addition, they are discussing several issues related to SSI including whether advocates or attorneys best represent clients in SSI applications and appeals. Also, they are considering whether Community Reinvestment Resources should be used for advocacy since many W-2 clients are eligible for SSI. As these discussions continue, input from the W-2 agencies workgroup, this white paper, and other sources will be useful in helping the state workgroup finalize specific guidance on the process for obtaining an extension to the 60-month time limit.

## **V. PROGRAMS AND POLICIES FROM OTHER STATES AND LOCALITIES**

Like Wisconsin, other states and localities have been faced with a harder to serve population of welfare recipients. Some studies, completed by the state or research organizations with the state, report prevalence estimates for various barriers to work for the harder to serve population. In addition, many states and localities have successfully implemented programs specifically designed to mitigate or remove barriers to work faced by welfare clients. Although the jury is still out on these initiatives, many of the programs take an innovative approach to meeting the needs of harder to serve clients. In addition, to developing innovative programs, some states with shorter time limits are also developing policies to continue benefits for their neediest clients. Two states we identified (and certainly others exist), Virginia and Massachusetts, have tracked families whose benefits ceased after the state time limit ran out; evidence about the well-being of those families is presented as well.

In this section, we discuss prevalence studies for two states.<sup>10</sup> In addition, we focus on innovative state and local programs and policies, and, when possible, we focus particular attention on states with time limits shorter than 60 months whose families have already reached their state's time limit on assistance. Describing the innovative practices in other states is not to suggest that Wisconsin's practices are not innovative and successful, rather, these examples provide additional instances of innovative practices many of which Wisconsin may already be doing and others which may not suit W-2 goals.

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<sup>10</sup>These studies provide prevalence rates for the entire welfare population, rather than a subset of the population as in Wisconsin.

Studies completed in Utah and Michigan measure the prevalence of barriers to work and co-occurrence among welfare recipients. Utah found that 92 percent of welfare families faced at least one barrier to work (Barusch et al. 1999). In Utah, many families faced multiple barriers—26 percent of families faced three barriers, and 37 percent faced four or more barriers to work. In general, longer term welfare recipients reported more barriers to work. The most prevalent barriers to work in Utah were clinical depression (42 percent), physical health problems that prevent work (35 percent), poor work history (30 percent), and learning disability (23 percent) or severe child behavior problems (23 percent) (Barusch et al. 1999).

In Michigan a study by researchers at the Poverty Research and Training Center found a high incidence of clinical depression at 25 percent, though not as high as Utah's 42 percent. Michigan and Utah found similar rates of post-traumatic stress disorder (PTSD) and general anxiety disorder at 14 and seven percent, respectively (Danziger et al. 2000; Sweeney 2000). For states who do not have state-specific prevalence estimates, the data provided by other states may be useful in estimating prevalence rates for welfare recipients.

Although Kansas has a 60-month time limit, they developed and rigorously tested a screening tool that can be used to identify learning disabilities among TANF clients. Kansas' tool has been validated for use with TANF clients, and all clients in Kansas are screened for learning disabilities using this tool. In addition, Kansas used to rely on its Vocational Rehabilitation program for referrals, however, because of capacity constraints the response time for some referrals slowed. As a result, Kansas elected to contract directly with local psychologists for their assessment services (Thompson and Mikelson 2000).

States with TANF time limits shorter than 60 months must move clients on welfare into work more rapidly, a difficult objective when clients are facing one or more barriers to employment. In Utah—with a 36-month time limit—the state legislature mandated the use of a standard screening tool to identify TANF clients with substance abuse problems. Since TANF clients often mask substance abuse problems, officials felt it was a necessary step to aid in identifying clients as early as possible and get them into services and treatment (Thompson and Mikelson 2000).

Other states with time limits shorter than 60 months have taken less extreme measures than legislative action to ensure that TANF clients facing barriers obtain the services they need early in their receipt of benefits. In the past in Minnesota, caseworkers used behavioral clues to identify TANF clients with barriers to work such as mental health problems or learning disabilities. While behavioral cues continue to be important, Minnesota has developed a more formal, structured approach including professionally- or state-developed tools to help in identifying clients early (Thompson and Mikelson 2000).

In addition to innovative programs designed to meet the needs of the harder to serve clients, many states with time limits shorter than 60 months are developing innovative policies to continue benefits to hard to serve families. Connecticut, has one of the shortest time limits in the country—21 months. In Connecticut, families who have been unsuccessful in finding employment with earnings at or above the grant amount or families who face domestic violence and other barriers to work may have an unlimited number of six-month extensions. Families not eligible for an extension that meet the income eligibility criteria are referred to the state's Safety Net program where they may continue to receive cash assistance and case management services (WIN 1999).

In Illinois, the state does not count months in which a family has earnings from work towards its time limit. Illinois intends to use state funds to provide assistance to families beyond the 60 months allowed under federal law (WIN undated).

Beyond these innovative practices, states have discretion in designing programs to meet the needs of their clients. Some states—including Maine, Michigan, and New York—have agreed to use state money to pay for TANF benefits beyond the 60 months allowed by federal law for families facing significant barriers to self-sufficiency (Thompson and Mikelson 2000). While this may be further than many states are willing to go, a state can also elect to impose a time limit on the adults and continue to provide benefits to the

children when a family reaches the time limit. As many as six states that impose time limits on adults do not cease benefits for children when the time limit is reached (Schott 2000).

In Virginia, many TANF clients have already hit the state's 24-month time limit. A study tracking their well-being six months after their TANF benefits ended found mixed results. Employment rates were up—63 percent were working the month the case closed and 71 percent were working seven months later at the time they were interviewed. Respondents whose case closed due to the time limit were more likely to be employed than those who left welfare voluntarily before the time limit. However, the time-limited leavers had lower wages, tended to work in jobs without benefits more often, and worked fewer hours on average. The percentage of clients with total income less than or equal to 50 percent of the federal poverty line increased from 36 percent one month before the case closed to 43 percent six months later. However, the percentage of families with income less than 100 percent of poverty (87 percent) and above 100 percent of poverty (13 percent) remained the same over time (Gordon et al. 1999).

In Massachusetts, where the time limit is 24 months, a similar study compared clients who timed out of TANF to those clients who left TANF voluntarily. Interviewed 10-months after leaving welfare, 70 percent of both groups were employed—very similar to the findings in Virginia. On average, clients who reached the time limit worked fewer hours (31 hours per week) and had lower average weekly earnings (\$253 per week) than clients who voluntarily left TANF—34 hours per week and \$298 in average weekly earnings. Clients who reached the time limit were more likely to receive some income supports—such as school meal programs, food stamps, fuel assistance—and less likely to receive other supports—such as Earned Income Tax Credit and unemployment insurance—than clients who voluntarily left TANF. Finally, about nine percent of clients reaching the time limit had employed spouses or partners while 20 percent of voluntary TANF leavers had working spouses or partners (Massachusetts Department of Transitional Assistance 2000).

The verdict is still out on Virginia and Massachusetts and other states whose clients have reached welfare time limits where benefits have ended. It appears that while many clients are working, many former clients (nearly one-third in Virginia and Massachusetts) are not employed; it is not known how these clients are supporting themselves and their families. Further tracking of clients in these states will provide valuable information about the impact of welfare time limits on the overall well-being of TANF clients.

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

The W-2 agencies review all the W-2 cases that reach the 21<sup>st</sup> month in any one employment positions to determine if an extension is necessary. Only six percent of all W-2 participants (1,551 cases) who have been in the W-2 program between September 1997 and June 2000 reached 21 months, and, only 13 percent of these (206 cases) had an extension.

Through our analysis of Wisconsin's administrative CARES data and W-2 participant File data and through interviews with selected W-2 agency staff, we have identified several common characteristics of harder to serve extension population. There are some characteristics of the extension population that are not surprising. Clients with a disabled person in the assistance group are more likely to have an extension than those who reached 21 months and did not have an extension. Other characteristics of the extension population were a bit surprising. On average, clients in the BOS are more likely to have an extension than clients in Milwaukee County. Hispanic clients are more likely, holding all else constant to have an extension, as are older W-2 clients.

In addition to differences in their demographic and other characteristics, the extension population also participated in different work activities than those who reached 21 months and did not have an extension. This is evidenced by the fact that a greater percentage of the harder to serve extension population is

engaged in physical rehabilitation<sup>11</sup> (48 percent) and mental health counseling (37 percent) than in work experience (34 percent) or employment search (4 percent).

An analysis of barriers and problems facing the extension population reveals several factors. Sixty-eight percent of the extension population was involved in SSI/SSDI application or appeal at the time they reached the time limit. The most prevalent personal barriers to work include lack of education (27 percent), back problems (26 percent), limited or no work experience (24 percent), and caring for a family member (20 percent).

Despite aggressive intervention by the W-2 agencies and resources invested in services and treatment, some W-2 participants have not been able to attain self-sufficiency through the W-2 program. These clients had extensions to the 24-month time limit in the W2T or CSJ employment category, and over one-fifth of these clients have or had a second six-month extension. In most cases, the W-2 agencies have not yet heard whether these harder to serve clients meet the criteria for the SSI program and whether they will be eligible to receive cash benefits through that program.

Furthermore, some W-2 participants face significant barriers to self-sufficiency that have not yet been mitigated enough to achieve self-sufficiency. The barriers the harder to serve W-2 participants are facing are many, and often they are co-occurring. Clients with at least one extension face multiple barriers to self-sufficiency. In the experience of the W-2 agency staff we interviewed, some of these harder to serve clients are not likely to achieve self-sufficiency—the goal of W-2. W-2 staff said that even after 60 months, some of their clients with extensions—the harder to serve clients—will not be able to work. Thus, from our analysis, we conclude that there may be a group of harder to serve W-2 participants that fall somewhere between those who succeed in attaining self-sufficiency under W-2 and those unable to work who are also ineligible for SSI or SSDI.

It is difficult to predict how many clients will reach the 60-month time limit and still be unable to achieve self-sufficiency. Although currently only about three percent (206 of approximately 6,600) of W-2 payment cases have had an extension, this proportion is likely to increase over time due to two factors. First, the number of clients with a first extension will continue to increase somewhat over time for at least the next few years as the W-2 program ages and more clients hit the 24-month and 60-month time limits. While it seems likely that eventually these numbers will level-off, when they will do so and at what level remains unclear. Second, the low levels of current caseloads in Wisconsin and nationwide are at least partly due to an unprecedented period of economic expansion in the United States. Thus, without further strategic planning, caseloads may increase in the event of a recession if the number of W-2 participants unable to find reasonable employment opportunities increases. The proportion of clients likely to need a second extension—those most likely to need an extension to the 60-month time limit—may also increase somewhat due to these two factors.

Based on the analysis of Wisconsin's administrative CARES data, the W-2 participant File data, interviews with selected W-2 agency staff, and our review of the literature, the following are recommendations offered to the DWD for consideration in meeting the needs of harder to serve W-2 participants:

**First**, continue to provide technical assistance to W-2 agencies to assist them in developing and providing services for harder to serve W-2 participants. Examples of technical assistance may include:

- Train FEPs to specialize in intensive short-term and long-term maintenance services. Some hard to serve clients are facing a relatively short-term crisis such as needing help with an SSI/SSDI application or recovering from a traumatic accident or health problem. These clients could be

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<sup>11</sup>Physical rehabilitation may or may not be an indicator of a long-term physical barrier. For example, physical rehabilitation may include recovery from a broken leg or may be doctor-prescribed physical therapy for a client with a long-term disability.

assigned to FEPs who are specially trained to address short-term crisis situations. Other clients facing long-term barriers such as a disabled family member or permanent physical disability could be assigned to FEPs who are specially trained to address services required for ongoing barriers;

- Provide W-2 agencies with more training and technical assistance on the use of screening and assessment procedures for barriers to employment. For example, W-2 agency staff training on awareness for barriers to work such as learning disabilities, mental health issues, and domestic violence, sensitivity issues about screening and how to effectively screen participants; and
- Strategizing with the W-2 agencies to develop innovative services for hard to serve W-2 participants. For example, whenever possible it may be helpful to provide assessment services onsite in the W-2 agency—medical assessments, social workers, or vocational rehabilitation counselors—even if only for one day a week to increase participants attendance at appointments.

**Second**, facilitate and encourage inter-agency initiatives to address the barriers to work among the harder to serve population. Increased collaboration with public and private programs or organizations may assist in cross-referrals, planning, developing innovative strategies, or sharing expertise in working with people with disabilities. Examples of collaboration include:

- W-2 agencies in more densely populated areas partnering to jointly contract with one service provider if there is a limited need for services such as relying on one facility to provide child care for sick children since one W-2 agency by themselves may not use the service enough to keep a provider in business;
- Partnering with child welfare agencies, and mental health and AODA providers to provide comprehensive services for hard to serve participants and their families as well as extending comprehensive services to noncustodial parents of hard to serve participants to provide more emotional, financial, and respite support to custodial parents and their children;
- Partnering with health care providers to address depression, back pain, fibromyalgia, and other disabling conditions that are barriers to work;
- Partnering with Division of Vocational Rehabilitation counselors to access supported work opportunities for W-2 recipients; and
- Partnering with local businesses, technical colleges, and other public, nonprofit, or community-based organizations to provide supported employment opportunities for the harder to serve population. Work supports may include flexible schedules, adaptive equipment, or specialized education or training.

**Third**, improve the transition from W-2 to SSI/SSDI and encourage W-2 agencies who are not already doing so to rely on expertise during the SSI/SSDI appeals process. Some W-2 participants have progressive disabilities that may eventually result in their inability to work, and, thus, their needs may be better served by the SSI or SSDI programs and requirements. Examples of an improved transition include early identification of potential SSI/SSDI applicants, a joint application, medical documentation, and standards for determining a client's ability to work.

**Fourth**, continue to promote research on harder to serve W-2 participants. This white paper presents only a small part of what can be examined using the CARES and W-2 participant File data. Future analysis can add to the body of growing literature on hard to serve welfare clients and continue to inform Wisconsin's policy decisions. Several options for future research include:

- An analysis using the caseload data in combination with the data on having first and second extensions could yield projections about the growth of the hard to serve population in Wisconsin.

- Data available from DWD for work activities, welfare receipt, and work history (among others) measured during the 21<sup>st</sup> month (when extensions decisions are made) could be added to the logit model to determine other factors that may predict having an extension.
- Continue to track W-2 participants after they leave the W-2 system. By continuing to measure the well-being of past W-2 participants, we can understand the impact of public policy decisions on the lives of low-income families.

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**Table 1: Description of the W-2 Ladder**

W-2 Ladder	24-Month Time Limit	Paid Placement	Case Management Position
<b>Unsubsidized Employment</b>			
W-2 applicants who meet the W-2 eligibility criteria, but are employed or have strong employment histories and skills, may be placed on the Unsubsidized Employment rung of the W-2 ladder. Includes the following three groups:			✓
(1) Employed individuals who moved from W-2 paid placement to unsubsidized employment (CMF)			✓
(2) Employed individuals who were employed when they were determined eligible for W-2 services (CMU)			✓
(3) Unemployed individuals who are ready for unsubsidized employment and found eligible for W-2 services (CMS)			✓
<b>Trial Jobs</b>			
Individuals who have the basic skills, but lack sufficient work experience to meet employer requirements, may be placed in a Trial Job. Through a Trial Job contract, the employer agrees to provide the participant with on-the-job work experience and training in exchange for a wage subsidy. Trial Jobs are expected to result in permanent employment. The employer must pay the participant a wage comparable to regular employees in similarly classified positions.	✓	✓	
<b>Community Service Jobs (CSJs)</b>			
CSJs are developed for individuals who lack the basic skills and work habits needed in a regular job environment. CSJ positions offer real work training opportunities, but with the added supervision and support needed to help the participant succeed. CSJ participants receive a monthly grant of \$673 for up to 30 hours per week in work training activities and up to 10 hours a week in education or training.	✓	✓	
<b>W-2 Transitions (W2Ts)</b>			
W2T is reserved for those individuals who, because of severe barriers, are unable to perform independent, self-sustaining work. W2T participants receive a monthly grant of \$628 for up to 28 hours per week of participation in work training or other employment-related activities; and up to 12 hours per week in education and training.	✓	✓	
<b>Other W-2 Placements</b>			
Custodial Parent of an Infant (sometimes referred to as Caretaker of a Newborn)	<sup>a</sup>	✓	
Case Management for Pregnant Women			✓
Case Management for Minor Teen Parents			✓
Case Management for Noncustodial Parents			✓

**Source:** Wisconsin DWD.

<sup>a</sup>May tick one of the 24-month clocks, but there is not a 24-month time limit for this placement.



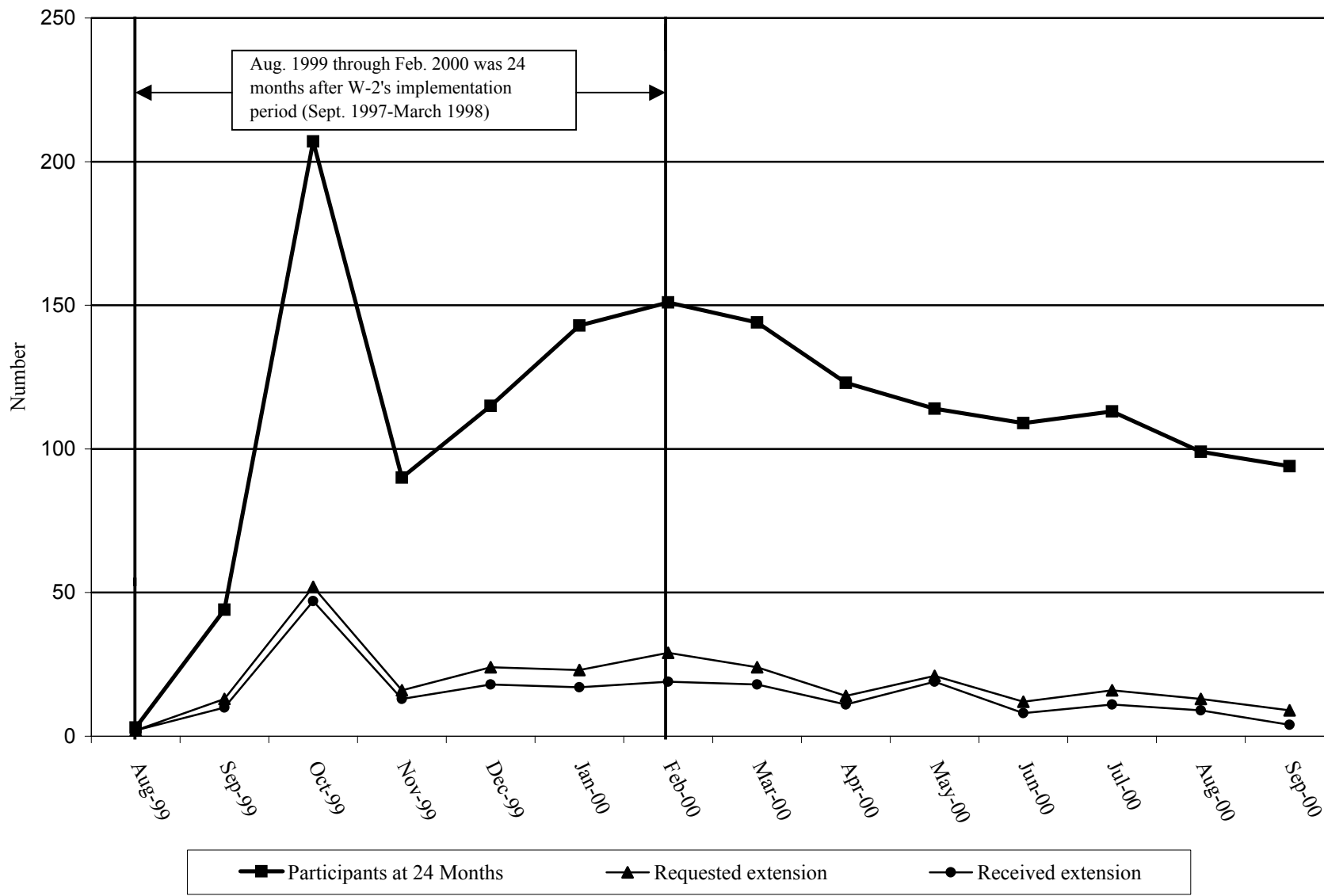
**Table 2: W-2 Placement of Participants in their 21<sup>st</sup> Month on W-2 with or without Extensions, January 1999 through June 2000**

During the 21 <sup>st</sup> Month						
Employment Category	W-2 Participants with an Extension		W-2 Participants without an Extension <sup>a</sup>		Total W-2 Participants Who Reached 21 Months	
	Number	%	Number	%	Number	%
W-2 Transition	187	91%	264	20%	451	29%
Community Service Job	19	9%	1081	80%	1081	71%
Trial Job	0	0%	0	0%	0	0%
Total	206	100%	1345	100%	1551	100%

**Source:** Wisconsin DWD/DES File data.

<sup>a</sup>Includes participants who did not apply for an extension, and those with extensions pending or withdrawn.

**Figure 1: Total W-2 Participants at 24 Months with and without Extensions, August 1999 through September 2000**



Source: Wisconsin DWD/DES W-2 participant File data.

**Table 3: What Happens to W-2 Participants Who Reach 21 Months in a W-2 Placement, January 1999 through June 2000**

	Number	Percentage
W-2 Participants Who Reach 21 Months	<b>1551</b>	<b>100%</b>
Community Service Jobs (CSJ) cases	1100	71%
W-2 Transitions (W2T) cases	451	29%
Extension Requested	<b>269</b>	<b>17%</b>
Extension approved	206	77%
Extension withdrawn or pending	63	23%
No Extension Requested	<b>1282</b>	<b>83%</b>
Participant obtained employment (placed in CMF <sup>b</sup> unless not requested)	371	29%
Participant moved to a different W-2 placement	257	20%
W2T	154	60%
CSJ <sup>a</sup>	71	28%
Trial Job	9	4%
Custodial Parent of an Infant	23	9%
Participant voluntarily declined an extension	129	10%
Participant's case closed due to eligibility reasons	38	3%
Participant has obtained other services (e.g., SSI) and is no longer on W-2	46	4%
Participant declined W-2 services	23	2%
Participant moved and is no longer on W-2	9	1%
The W-2 agency determined that the individual does not qualify for an extension for one of the following reasons: (participants may be placed in CMS <sup>b</sup> for case management services if appropriate)	319	25%
Did not participate in finding employment or in assigned activities	197	62%
Local labor market does not preclude a reasonable job opportunity	97	30%
Participant does not have significant barriers preventing advancement to a high W-2 employment position or unsubsidized employment	21	7%
Cases undecided	4	1%
Unknown	90	7%

**Source:** Wisconsin DWD/DES

<sup>a</sup>CSJ = CSJ counts are a total of CSJ, CSJ 1/3, CSJ 1/2, and CSJ 2/3 placements. CSJ 1/3, CSJ 1/2, and CSJ 2/3 participants spend the balance of their time working in unsubsidized employment and receive a reduced grant.

<sup>b</sup>CMF and CMS are CARES codes representing a W-2 participant placed on the Unsubsidized Employment rung of the W-2 ladder. CMS represents individuals who are ready for unsubsidized employment. CMF represents individuals who moved from a W-2 paid placement into unsubsidized employment. CMF individuals are included in the count of participants that obtained employment.

**Table 4: Characteristics of W-2 Participants Who Reached 21 Months with or without Extensions,  
January 1999 through June 2000**

(page 1 of 2)

W-2 Participants Who Have Reached 21 Months in a W2T or CSJ Employment Category								
Participant Characteristics	W-2 Participants with a First Extension		W-2 Participants with a Second Extension		W-2 Participants without an Extension <sup>a</sup>		Total W-2 Participants Who Reached 21 Months	
	Number	%	Number	%	Number	%	Number	%
Number of W-2 Participants	206	13%	45	3%	1345	87%	1551	100%
Employment Category								
Community Service Jobs (CSJJs)	19	9%	1	2%	1081	80%	1100	71%
W-2 Transitions (W2T)	187	91%	44	98%	264	20%	451	29%
Gender								
Female	189	92%	41	91%	1311	97%	1500	97%
Male	17	8%	4	9%	34	3%	51	3%
Age								
19–29	29	14%	3	7%	614	46%	643	41%
30–39	85	41%	16	36%	477	35%	562	36%
40–49	78	38%	25	56%	214	16%	292	19%
50–59	10	5%	1	2%	38	3%	48	3%
60–65	4	2%	0	0%	2	0%	6	0%
Average Age	39	NA	40	NA	32	NA	33	NA
Race								
Non-Hispanic White	63	31%	15	33%	149	11%	212	14%
Non-Hispanic Black	79	38%	17	38%	971	72%	1050	68%
Hispanic	27	13%	6	13%	78	6%	105	7%
Non-Hispanic Asian	28	14%	7	16%	32	2%	60	4%
Non-Hispanic Other <sup>b</sup>	9	4%	0	0%	115	9%	124	8%
Education Level								
No Formal Schooling	17	8%	2	4%	31	2%	48	3%
Elementary School (K–8)	22	11%	7	16%	59	4%	81	5%
Secondary School (9–12)	71	34%	12	27%	756	56%	827	53%
High School Graduate or Equivalent	70	34%	18	40%	421	31%	491	32%
Post High School	26	13%	6	13%	78	6%	104	7%
Location								
Milwaukee County	133	65%	15	33%	1264	94%	1397	90%
Balance-of-State	73	35%	30	67%	81	6%	154	10%

**Table 4, continued**  
(page 2 of 2)

W-2 Participants Who Have Reached 21 Months in a W2T or CSJ Employment Category								
Participant Characteristics	W-2 Participants with a First Extension		W-2 Participants with a Second Extension		W-2 Participants without an Extension <sup>a</sup>		Total W-2 Participants Who Reached 21 Months	
	Number	%	Number	%	Number	%	Number	%
<b>Age of Youngest Child</b>								
5 and under	64	31%	9	20%	766	57%	830	54%
6–12 years	84	40%	24	53%	395	29%	479	31%
13–17 years	50	25%	12	27%	163	12%	213	14%
18–19+ years	8	4%	0	0%	21	2%	29	2%
Average Age of Youngest Child	9	NA	10	NA	6	NA	6	NA
Average Number of Children	2.5	NA	2.4	NA	2.6	NA	2.6	NA
<b>Number of Months Worked (10/99–9/00)</b>								
Zero	176	85%	41	91%	803	60%	979	63%
1 to 6 months	18	9%	2	4%	443	33%	461	30%
7 to 12 months	12	6%	2	4%	99	7%	111	7%
Average Number of Months Worked (10/99–9/00)	0.7	NA	0.4	NA	1.7	NA	1.6	NA
<b>Public Assistance Receipt</b>								
W-2 Only	0	0%	0	0%	19	1%	19	1%
Two forms of public assistance <sup>c</sup>	23	11%	5	11%	102	8%	125	8%
Three forms of public assistance <sup>d</sup>	153	74%	36	80%	619	46%	772	50%
All four forms of public assistance: Child Care, Food Stamps, Medical Assistance, and W-2	30	15%	4	9%	605	45%	635	41%
<b>Transportation</b>								
Vehicle Available	71	34%	13	29%	138	10%	209	13%
No Vehicle Available	135	66%	32	71%	1207	90%	1342	87%
<b>Disabled in Assistance Group</b>								
Disabled	92	45%	16	36%	222	17%	314	20%
Not Disabled	114	55%	29	64%	1123	83%	1237	80%

**Source:** Wisconsin DWD/DES CARES administrative data.

<sup>a</sup>Includes participants who did not apply for an extension and those with extensions withdrawn or pending.

<sup>b</sup>Other race includes American Indian/Eskimo, unknown, and other.

<sup>c</sup>May include two of the following: W-2, Child Care, Food Stamps, or Medical Assistance.

<sup>d</sup>May include three of the following: W-2, Child Care, Food Stamps, or Medical Assistance.

**Table 5: Work Activities During the Most Recent Month for W-2 Participants Who Reached 21 Months, January 1999 through June 2000**

	W-2 Participants Who Have Reached 21 Months in a W2T or CSJ Employment Category			
	W-2 Participants with a First Extension	W-2 Participants with a Second Extension	W-2 Participants without an Extension	Total W-2 Participants Who Reached 21 Months
Number of W-2 Participants	206	45	1345	1551
Related to Disability or Barrier to Self-Sufficiency				
Physical Rehabilitation	48%	49%	8%	13%
Mental Health Counseling	37%	44%	9%	12%
Disability Assessment	24%	31%	5%	8%
Caring for Other Family Member	9%	7%	3%	3%
Caring for a Disabled Child	8%	11%	1%	2%
Alcohol and Drug Abuse Counseling	5%	7%	3%	3%
Related to Education				
Adult Basic Education	20%	18%	28%	27%
General Educational Development	11%	11%	14%	13%
English as a Second Language	10%	13%	2%	3%
Literacy Skills Training	2%	2%	2%	2%
High School Equivalency Diploma	2%	2%	1%	8%
Related to Employment & Training				
Work Experience	34%	31%	42%	41%
Occupational Assessment	8%	13%	5%	6%
Job Skills Training	7%	9%	7%	7%
Working Full Time	5%	2%	14%	13%
Working Part Time	5%	2%	7%	6%
Employment Counseling	4%	7%	7%	7%
Employment Search	4%	2%	34%	30%
Job Readiness Motivation	2%	NA	5%	4%
Trial Job/Private Employer	NA	NA	0%	0%
Other Activities				
Parenting and Life Skills	15%	13%	4%	6%
Transportation Allowance	10%	9%	18%	17%
Enrollment with Orientation	1%	2%	3%	3%
Enrollment	1%	NA	NA	0%
Orientation	NA	NA	0%	0%

**Source:** Wisconsin DWD/DES CARES administrative data.

**Note:** In some cases the percentage of participants rounds to 0%. Cases with no participants are indicated by NA. Cases where both activities had zero participants during the most recent month are omitted from this table. Percentages do not add to 100% since clients may participate in more than one activity concurrently.

**Table 6: Binomial Logit Model Predicting Extensions for W2T Participants Who Reached 21 Months, January 1999 through June 2000**

(Dependent Variable = Extension)

Independent Variable	Coefficient	Standard Error
Constant	-1.404 **	0.631
Age = (Age – 21)	0.096 *	0.051
Age squared = (Age – 21) squared	-0.002	0.001
In Milwaukee County	-0.906 ***	0.273
Assistance Group Contains a Disabled Person	1.030 **	0.507
Race:		
Non-Hispanic White	—	—
Non-Hispanic Black	0.052	0.284
Hispanic	0.961 **	0.400
Non-Hispanic Asian	0.751	0.558
Non-Hispanic Other <sup>a</sup>	-0.363	0.491
Education:		
Post High School	—	—
High School Graduate or Equivalent	-0.009	0.334
Secondary School (9–12)	-0.071	0.345
Elementary School (K–8) and/or No Formal Schooling	-0.508	0.491
Age of youngest child	0.034	0.027
Number of children	0.104	0.223
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Interaction		
Age * Assistance Group contains a disabled person	-0.048 *	0.025
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Number of Observations	451	
Log Likelihood	574.64	

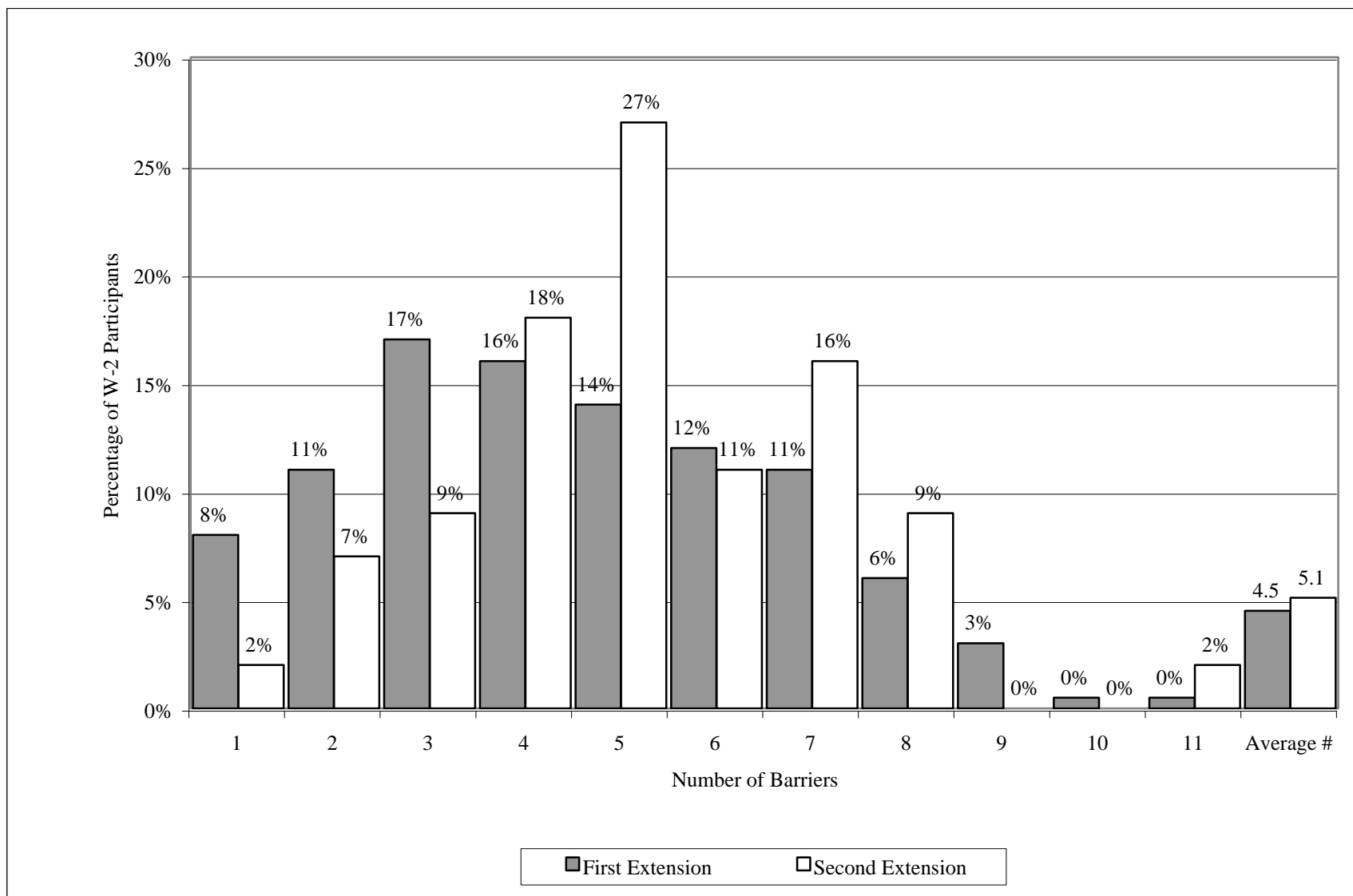
**Source:** Wisconsin DWD/DES CARES administrative data.

**Note:** This model omits independent variables that in a fuller specification had an absolute test-statistic less than 1.

\*\*\*Significance of the coefficient estimate at the 0.01 level; \*\* at the 0.05 level; \* at the 0.10 level.

<sup>a</sup>Other race includes American Indian/Eskimo, unknown, and other.

**Figure 2: Co-Occurrence of Barriers to Self-Sufficiency for W-2 Participants with a First or Second Extension, January 1999 through June 2000**



Source: Wisconsin DWD/DES W-2 participant File data.



**Table 7: Barriers to Self-Sufficiency Facing W-2 Participants with a First or Second Extension, January 1999 through June 2000**

	W-2 Participants with a First Extension	W-2 Participants with a Second Extension
Number of W-2 Participants	206	45
Barriers Related to Other Services		
SSI/SSDI Application and/or Appeal	68%	82%
Division of Vocational Rehabilitation Referral	20%	33%
Housing Issues	7%	11%
Division of Vocational Rehabilitation Services	4%	4%
Legal Issues	2%	0%
Physical Health Barriers		
Back Problems	26%	33%
Fibromyalgia	18%	22%
Alcohol and Drug Abuse	15%	18%
Arthritis	12%	16%
Chronic Pain	11%	11%
Musculoskeletal Disorder	10%	4%
Headaches / Migraines	7%	9%
Diabetes	6%	7%
Asthma	5%	9%
Carpal Tunnel	4%	7%
Hypertension	4%	7%
Heart Disease	3%	9%
Medication Side Effects	1%	NA
Other Physical	37%	47%
Mental Health Barriers		
Depression	38%	44%
Anxiety / Panic Disorder	13%	20%
Post Traumatic Stress Disorder	8%	9%
Bi-Polar	4%	2%
Agoraphobia	3%	4%
Paranoid Schizophrenia	2%	4%
Other Mental	9%	4%
Barriers Related to Family Issues		
Caring for Family Member	20%	22%
Family Issues	12%	11%
Domestic Violence	6%	9%
Custodial Parent of an Infant	4%	NA
Barriers Related to Education or Employment		
Lack of Education	27%	22%
Limited or No Work Experience	24%	18%
Language Barriers	13%	11%
Learning Disability	4%	NA
Other Barriers	6%	7%

**Source:** Wisconsin DWD/DES File data.

**Note:** Percentages do not add to 100% since clients may face multiple barriers. Barriers with no cases are indicated by NA.

**Table 8: Extensions for W-2 Participants Who Reached 21 Months by W-2 Agency Interviewed, January 1999 through June 2000**

W-2 Agency	Total Number of W-2 Participants Who Reached 21 Months	W-2 Participants Requesting an Extension		W-2 Participants with a First Extension		W-2 Participants with a Second Extension	
		Number	Percentage of Total	Number	Percentage of Total	Number	Percentage of Those with a First Extension
Dane County	28	21	75%	20	71%	4	20%
Kenosha County	15	7	47%	6	40%	2	33%
Milwaukee County Region 1 YW Works	99	31	31%	24	24%	4	17%
Milwaukee County Region 3 Opportunities Industrialization Center of Greater Milwaukee (OIC-GM)	354	35	10%	22	6%	3	14%
Milwaukee County Region 6 MAXIMUS	226	24	11%	18	8%	3	17%

**Source:** Wisconsin DWD/DES File data.